Sugar export curbs to ensure availability in festival: Govt

Palm oil imports may fall 19%, while for soyoil, it could jump 57%

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Food secretary Sudhanshu Pandey has said that the government's decision to cap sugar exports at 10 million tonnes through an order issued on Tuesday night is meant to monitor unabated outflow so that no one is taken by surprise. He added that it will ensure adequate availability of the sweetener during the festive season of October and November.

Although prices of sugar are "more stable" when compared to other commodities, the decision to curb sugar exports was taken to prevent any undue spike in retail prices amid global shortage, Pandey said at a press conference. India consumes around 2-2.5 million tonnes of sugar per month.

On the duty cut on sunflower oil and soybean oil — also announced on Tuesday night — trade and industry said imposition of tariff quota will unnecessarily complicate the situation and create imbalance in the market. "My feeling is that though prices might not come down by much, it may create some short-term supply issues. This is because the quota will be handed over from July, for which traders will like to delay their shipments as the cost differential is huge," BV Mehta, executive director of Solvent Extractors Association of India (SEA) told *Business Standard*.

India consumes around 3.5 million tonnes of soybean oil and 2-2.5 million tonnes of sunoil annually.

A *Reuters* report quoting dealers said that India's palm oil imports could drop by nearly a fifth as cheaper soyoil takes more market share. This follows Indonesia's curbs on palm oil exports and New Delhi allowing duty-free imports of soyoil. Palm oil imports by the world's biggest vegetable oil importer in the marketing year ending October 31 may fall 19 per cent to 6.7 million tonnes. This is the lowest since 2010-11. Soyoil imports could jump 57 per cent to a record 4.5 million tonnes, dealers said.

That shift could put pressure on Malaysian palm oil prices and may lift soyoil imports to record highs and support US soyoil futures prices.

India on Tuesday allowed duty-free imports of 2 million tonnes each of soyoil and sunflower oil for the current and next fiscal years ending March.

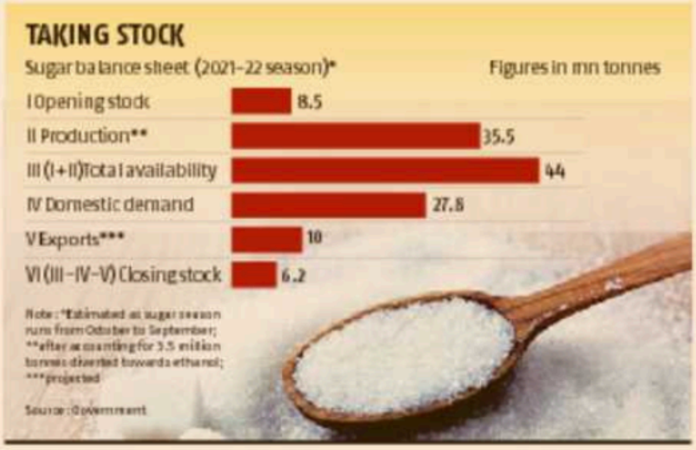
Pandey said despite the curbs on sugar exports, India will be the world's largest sugar producer this year, toppling Brazil, which faced a shortage of output.

Shipments will be allowed with special permission between June 1 and October 31. Exporters have to keep the government informed about their outbound shipments on a daily basis so that proper monitoring can be done.

"The country's sugar exports this year are the highest ever. Already 9 million tonnes of sugar have been contracted, out of which 7.5 million tonnes have been exported," he said. Sugar exports stood at a record 7 million tonnes in the 2020-21 marketing year.

About 6-6.2 million tonnes of sugar would be the closing stock at the end of the current marketing year. This is just the optimum level to meet domestic requirements in October-November, he said.

Currently, sugar prices — in wholesale and retail markets — are stable when compared to other commodities. The restrictions on sugar exports will prevent speculation and undue price spikes, Pandey said.



Stocks continue to slide

Sugar stocks fell sharply on Wednesday. Shares of Dalmia Bharat plummeted 13.40 per cent, Dwarikesh Sugar tumbled 9.38 per cent, Uttam Sugar Mills plunged 9.3 per cent and Balrampur Chini tanked 8.56 per cent on the BSE.

Govt hikes central assistance paid to states for transporting PDS grain

The Centre has increased the central assistance paid to states for meeting the expenditure towards intra-state movement and handling of PDS grains as well as margins paid to fair price shop dealers.

According to the revised norms, the central assistance for intra-state transportation has been increased to ₹70 per quintal from ₹65 per quintal, while that of margin of FPS dealers been hiked to ₹90 per quintal from ₹70 per quintal and additional margin to ₹21 per quintal from ₹17 per quintal for general category states.